

Message Text

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ACTION EB-07

INFO OCT-01 AF-04 EUR-12 EA-06 IO-10 ISO-00 FEA-01 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-01 INR-05

INT-05 L-02 LAB-01 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

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AMEMBASSY OTTAWA

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AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: ETRD GATT

SUBJECT: 30TH GATT CONTRACTING PARTIES SESSION

REF: (A) STATE 254056; (B) STATE 253682

BEGIN SUMMARY. CPS EXPRESSED UNEASINESS OVER GROWING
WORLD ECONOMIC DIFFICULTIES AND THREAT OF FURTHER TRADE
RESTRICTION. THERE WAS WIDESPREAD AGREEMENT BY DCS AND
LDCS ALIKE THAT GATT IS PROPER FORUM FOR ADDRESSING TRADE
PROBLEMS, THAT MTN IS VEHICLE, AND THAT U.S. TRADE BILL IS
NEEDED CATALYST. TONE OF MEETING WAS MODERATE AND RESTRAINED
WITH MINIMUM OF CONTROVERSY DESPITE ISOLATED ADVOCACY OF "NEW
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ECONOMIC ORDER" CONCEPT BY SOME LDCS. AUSTRALIA, NEW

ZEALAND ASKED REVIEW OF US WAIVER ON AGRICULTURAL PRODUCTS.
END SUMMARY.

1. DURING NOVEMBER 19-21 MEETING GATT CONTRACTING PARTIES, CHAIRMAN (KITAHARA) MADE SOMBER APPEAL THAT CPS FACE FACT THAT WORLD IS IN "DEEP TROUBLE" WITH "MOST CRITICAL ECONOMIC SITUATION OF POST-WAR PERIOD," CITING INFLATION, UNEMPLOYMENT, CRISIS IN PAYMENTS AND DIFFICULTIES CONNECTED WITH SUPPLIES OF ENERGY AND OTHER BASIC MATERIALS. SAID BOP PROBLEMS ALMOST CERTAIN TO WORSEN. ASKED RENEWED IMPETUS IN GATT, WHICH REMAINS BEST GUARANTEE AGAINST RESTRICTIONS, BETTER GATT/IMF COORDINATION, AND BETTER CONSULTATIVE MECHANISMS, CITING TEXTILE BODY AS EXAMPLE OF USEFUL ORGAN FOR RECONCILING DISPUTES. SAID MTN MORE CRUCIAL THAN EVER. ASKED MAJOR TRADING NATIONS REAFFIRM AVOIDANCE OF RESTRICTIONS, RESOLVE TO ADDRESS PROBLEMS IN GATT FORUM, PAY ATTENTION TO LDC NEEDS, AND GET MTN GOING.

2. MOST DELS SUPPORTED KITAHARA'S THEMES, NOTABLY U.S., JAPAN, CANADA, MANY LDCS. EC RESPONSE WAS NARROWER.

3. US STATEMENT, DELIVERED BY GLITMAN PRIOR TO MALMGREN'S ARRIVAL, SAID CP SESSION HELD IN TIME OF SERIOUS ECONOMIC DIFFICULTY, SAID POST-WAR ECONOMIC STRUCTURE HAS NONETHELESS SHOWN GREAT RESILIENCE, HAS CREATED HISTORY'S GREATEST TRADE EXPANSION, WITH FEW EXCEPTIONS RESTRICTIVE PRESSURES HAVE BEEN RESISTED. TO MEET NEW ECONOMIC CHALLENGES, U.S. HAS STRESSED INTERDEPENDENCE AND COOPERATION. US HAS CALLED FOR ENERGY CONSERVATION, DEVELOPMENT NEW ENERGY SOURCES, EMERGENCY SHARING--ALL TO PROVIDE FOUNDATION FOR IMPROVED PRODUCER-CONSUMER RELATIONS; HAS PROPOSED EFFECTIVE RECYCLING MECHANISM TO MEET FINANCIAL REPERCUSSIONS OF OIL PRICE RISE; HAS ASKED GLOBAL SYSTEM FOOD CRISIS MANAGEMENT AND IMPROVEMENT IN PRODUCTION AND DISTRIBUTION OF FOODSTUFFS; HAS TAKEN LEADING ROLE IN URGING PLEDGE TO FOREGO IMPORT LIMITED OFFICIAL USE

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RESTRICTIONS AND CONTINUES ADHERE TO PLEDGE. U.S. ASKED EXISTING ECONOMIC TRADE SYSTEM BE BUILT UPON BOTH TO PRESERVE GAINS AND INSURE IT RESPONSIVE TO NEW NEEDS. ASKED CONTINUED RELIANCE ON GATT LEGACY OF PRACTICAL APPROACHES TO PROBLEMS, MUTUAL ADVANTAGE, REALISM, AND SERIOUSNESS. SUPPORTED IMPROVED IMF/GATT COORDINATION. SAID MTN IS VEHICLE TO IMPROVE TRADING SYSTEM, PRESIDENT FORD HAS EMPHASIZED IMPORTANCE

ADMINISTRATION PLACES ON EARLY PASSAGE TRA.

4. LDCS GENERALLY AGREED GATT AND MTN WERE BEST MEANS ADDRESSING WORLD TRADE PROBLEMS, ASKED BETTER SPECIAL TREATMENT FOR LDCS, AND REFERRED TO RECOGNITION OF URGENT NEED BY 6TH UNGA. MANY SAID DCS AND LDCS NEED WORK TOGETHER TO BUILD NEW ECONOMIC ORDER. TERMS "INTERDEPENDENCE" AND "NEW ECONOMIC ORDER" SEEMED INTERCHANGEABLE FOR MOST. MANY LDCS CITED NEED FOR US TRADE BILL.

5. PAKISTAN POINTED TO PLIGHT OF NON-OIL LDCS, SAID IF MTN DELAYED, WAY SHOULD BE FOUND TO ADDRESS PROBLEMS IN GATT ANYWAY, COMPLAINED OF INADEQUATE "DECORATIVE NATURE OF PART IV OF GATT. COMPLAINED OF NEW DC TRADE RESTRICTIONS. INDIA SAID NO CONSCIOUS ECONOMIC POLICIES CAUSED COMMODITY PRICES TO RISE, SAME PRICES STAGNATING NOW ANYWAY, LDCS NOT RESPONSIBLE FOR DC PLIGHT BUT FACE CONSEQUENCES OF NEW RESTRICTIONS. YUGOSLAVIA SAID BAD THINGS HAVE HAPPENED IN YEAR "WASTED" SINCE TOKYO DECLARATION. EGYPT PROPOSED REACTIVATION OF GROUP OF 3. GREECE SAID GATT MUST PREVENT ECONOMIC ANARCHY. INDONESIA SAID HABERLER REPORT OF 1958 AND LATER PEARSON REPORT LATER UNCTAD, UNGA, PART IV ACTIVITIES TALK OF SPECIAL HELP TO LDCS BUT NOTHING DONE. MALAYSIA SAID GLOOM OF LAST YEAR HAS DEEPEENED TO CRISIS, BUT WORSE FATE AWAITS ALL UNLESS SOMETHING IS DONE, FATE OF LDCS IS IN DC HANDS. NIGERIA, BRAZIL, OTHERS MADE SIMILAR APPEALS. ISRAEL SAID GENERAL DISEQUILIBRIUM NOW EXISTS AS DESCRIBED IN GATT ARTICLE XII:5. VENEZUELA (AS OBSERVER) SAID CAUSES OF CURRENT CRISIS MANIPULATED TO PUT BLAME LIMITED OFFICIAL USE

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ON LDCS.

6. EC (PHAN VAN PHI) NEVER MENTIONED THE GREATER ISSUES, SAVE FOR FLEETING QUOTE OF SOAMES ON IMPORTANCE OF INTERDEPENDENCE. EC SIMPLY SAID OWN ENLARGEMENT HAD HAD DYNAMIC EFFECT ON TRADE, EXPORT RESTRICTIONS SHOULD BE AVOIDED, EC PREPARED NEGOTIATE RECIPROCALLY WITH DCS AND CONSULT WITH LDCS RE THEIR PROBLEMS. EC STATED WILLINGNESS CONSULT WITH ANYONE (READ CONSULT ABOUT EC TRADE BARRIERS)-"WHERE NECESSARY AND APPROPRIATE." JAPAN, CANADA AGREED ON NEED COOPERATE IN AND UPDATE GATT, MEET DANGEROUS CHALLENGES, ETC., AND AGREED U.S. TRA NOW NEEDED.

7. REVIEW OF COUNCIL REPORT, NOTEWORTHY DEVELOPMENTS:

A. TEXTILES. JAPAN PRAISED TEXTILE AGREEMENT.
INDIA SAID SOME PROBLEMS RESOLVED BUT "SOME COUNTRIES" (EC)
NOT LIVING UP TO PROVISIONS ON HAND-LOOMED PRODUCTS.
KOREA SAID MFA MUST NOT BE ESTENSION OF LTA,
WHICH WAS CHARTER OF RESTRAINT.

B. FINNISH AGREEMENTS WITH EASTERN COUNTRIES. US
ASKED EARLY CIRCULATION OF TEXTS. (AMB. SAHLGREN TOLD
US LATER FINLAND EXPECTS CIRCULATE HUNGARY AGREEMENT
IN DECEMBER.)

C. U.S. WAIVER ON DAIRY PRODUCTS. AUSTRALIA AND NEW
ZEALAND ASKED FOR REVIEW OF QUESTION WHETHER US WAIVER
NEEDED BE CONTINUED. SEPTTEL.

D. GATT STAFF COMPLAINTS ON SALARIES AND ALLOWANCES.
STAFF REPRESENTATIVE (LIMDEN) MADE EXPECTED PRESENTATION,
MANY DELS ANNOUNCED SUPPORT FOR STAFF, AND BUDGET
COMMITTEE CHAIRMAN (CLARK) MADE AGREED REPLY. JAPAN
SAID BUDGET SAVINGS NOT MADE AT EXPENSE OF STAFF; U.S.
SAID IT IMPORTANT CPS HEAR OUT COMPLAINTS, BUDGET
COMMITTEE WP IS PROPER FORUM, SOLUTIONS MUST BE CONSISTENT
WITH U.N. COMMON SYSTEM, PER REFTEL (A).

E. ARTICLE XXXV AND JAPAN. JAPAN ASKED REMAINING
NINE COUNTRIES DISINVOKE. MALAWI, NIGERIA,
CYPRUS, KENYA MADE TESTY REFERENCES TO WON TRADE
IMBALANCES WITH JAPAN. AUSTRALIA, CANADA, US
SUPPORTED JAPANESE APPEAL. JAPAN TOOK NOTE OF
CONCERNS, HOPED THEY WOULD ALSO BE TAKEN UP IN NORMAL
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GATT CONTEXT. SOTH AFRICA, WHICH STILL INVOKES
ARTICLE XXXV, PROMISED RELATE JAPANESE CONCERN
TO OWN CAPITAL. (NOTE: SOUTH AFRICA CONTINUES BE
ABLE MAKE MINOR INTERVENTION IN GATT WITHOUT
CREATING ANY CONTROVERSY.

F. ANTI-DUMPING PRACTICES. NO MENTION MADE OF US
PRACTICES. EC (LUYTEN) APPROACHED US DEL PRIVATELY
AND SAID EC AGREED NOT TO RAISE THIS ITEM SINCE US
WASN'T GOING ATTACK EC/EFTA RULES OF ORIGIN, BUT
WANTED US TO UNDERSTAND LACK OF STATEMENT IN CPS
DID NOT INDICATE ANY SLACKENING OF INTEREST ON THEIR
SIDE IN MATTER.

G. EC/EFTA RULES OF ORIGIN. US DREW ATTENTION TO
CURRENT ARTICLE XXII CONSULTATIONS, PER REFTEL (B).

H. MOST COMMENTS ON OTHER ITEMS WERE IDENTICAL TO
STATEMENTS MADE IN COUNCIL OR CTD.

I. NEW OFFICERS. CHAIRMAN OF CPS: AMB. LAI, MALAYSIA.
FIRST VICE-CHAIRMAN: AMB. EASTERBROOK-SMITH,
NEW ZEALAND; SECOND VICE-CHAIRMAN: MIN. STUYK, BELGIAN
FOREIGN MINISTRY TRADE DEPT. THIRD VICE-CHAIRMAN:
AMB. WALKER, JAMAICA. CHAIRMAN OF COUNCIL: AMB.
SAHLGREN, FINALDN. CHAIRMAN OF CTD: MIN. ALO, NIGERIA.

J. 31ST CP SESSION. TENTATIVELY SCHEDULED FOR
NOVEMBER 17-28, 1975. COUNCIL TO FIX EXACT DATES
LATER. ABRAMS

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